

ESG report

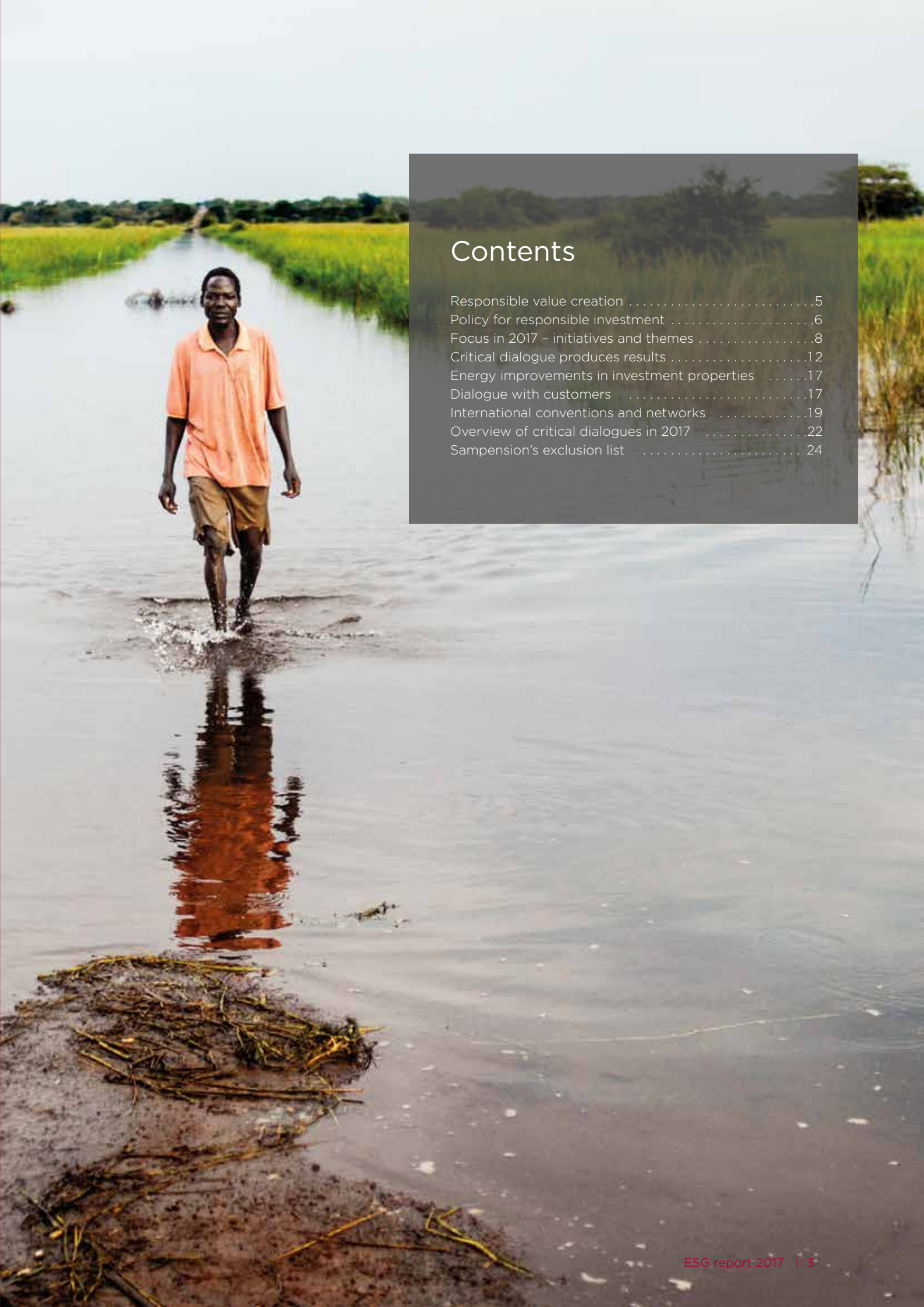
2017



The photographs in this report are about climate change and human rights – two important themes for Sampension’s programme for engaging in dialogue with the companies in which we have invested our customers’ pension savings. The photographs were taken by Jakob Dall, an international photo reporter. Jakob is also working on a long-term “Climate Change Documentary” project aimed at investigating how climate change impacts on the living conditions and everyday lives of people around the globe. Jakob Dall has been awarded several photo prizes by World Press Photo, Picture of the Year International (POYI) and Picture of the year Denmark and has also received the international EISA award for a photo essay on climate change in Ethiopia. With Jakob’s permission, Sampension has posted a series of his climate-themed photos on www.sampension.dk



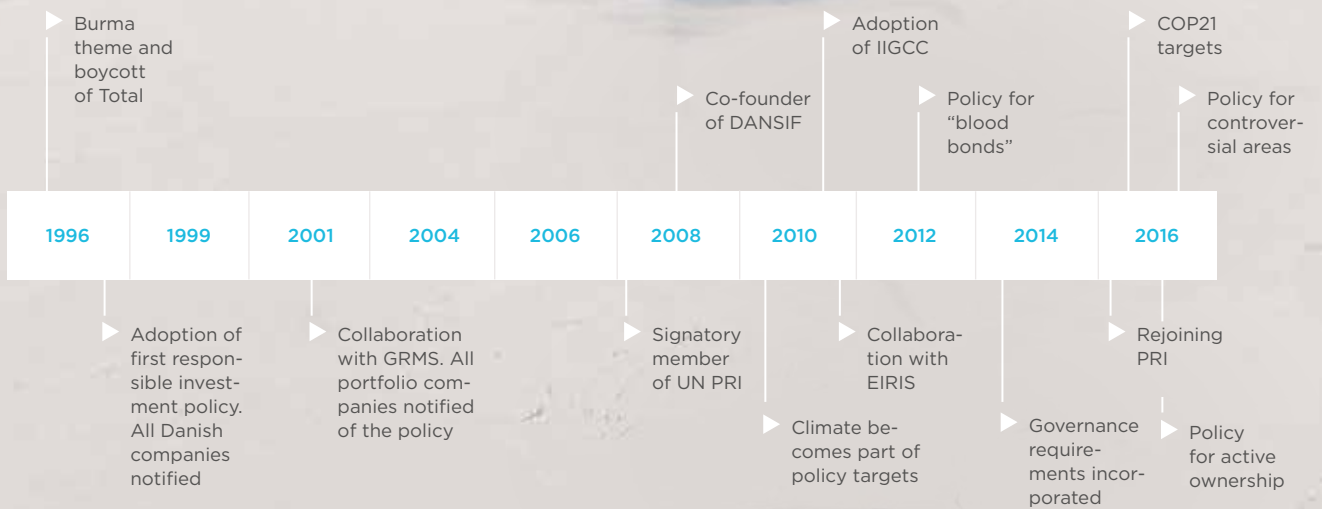
UGANDA · Mbale · Due to climate change, the rains have changed and shortened in many African countries. This has caused severe flooding destroying crops, and here in Uganda, roads have been washed away, houses have collapsed and domestic animals have drowned.



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GREENLAND · Disco Bay · Higher temperatures make the sea ice break up earlier in the year, reducing the sealing season for both polar bears and hunters. In the past 50 years, temperatures in the Arctic regions have gone up twice as fast as the average rise in global temperatures. The primary reason is increasing greenhouse gas emissions caused by man-made activities.



Responsible value creation

For Sampension, it all began back in the 1990s. First, there was the Burma boycott, and in 1996 the exclusion of French oil company Total. Sampension formulated its first policy for responsible investment as early as in 1998. The key focus of that policy was on human rights and international affairs, including in particular labour rights, which was already part of our DNA and was given high priority in a formal policy adopted by the board of directors. In 1999, the ten UN Global Compact principles were launched, which became a landmark and the formal cornerstone for most investors' responsible investment efforts.

At that time, we and other parties called it ethical investing, and there were fundamental discussions about whether being focused on investing ethically would be contrary to pension companies' legal obligation to create the highest possible return. Actually, we see no discrepancies in that regard, as those two considerations go hand in hand. In fact, a responsible approach is the prerequisite for being able to create a long-term return, which is the fundamental objective when we invest. So, staying focused on fundamental rights, the environment and climate, working conditions and corporate governance is conducive to companies' ability to create a return for their investors.

Climate was a major issue in our responsibility efforts in 2017. From the very beginning of the year, we applied the climate targets defined at COP21 in Paris to our investment portfolio, and we have begun to review the overall effect of our investing in companies on the climate. Ensuring tax transparency for multinationals and handling investments in occupied areas, such as the West Bank, were two other major issues of the past year.

At Sampension, we want to create value in a responsible way. As an investor, we aim to exert influence through an active ownership approach, and we work continually to promote responsible conduct by the companies in which we invest our customers' pension savings and our company's equity. At Sampension, this has always been top priority; and even more important than communicating it, in fact.

In 2017, we upgraded our responsible investment efforts. Responsible investment is increasingly a topic at board meetings of the joint management company, which besides Sampension KP Livsforsikring A/S (Sampension Liv) also comprises the Architects' Pension Fund and the Pension Fund for Agricultural Academics and Veterinary Surgeons. The topic has also become accentuated in our investment department and in other departments of Sampension. We have allocated more of our human resources to this area and increased transparency and communication in the area.

This is the backdrop against which this report should be viewed. Apart from the descriptions of our policy and practice which we have published on our website, this is Sampension's first report on responsible investing. The main focus of the report is to describe the way we work and some of the efforts and results that stood out in 2017.

I hope that this report will give readers a better understanding of our approach to responsible investments at Sampension.



Hasse Jørgensen
CEO

Policy for responsible investment

Sampension's objective when investing is to create high, long-term investment returns for our pension savers, who can be confident that their savings are invested with due respect for people, the environment and internationally recognised conventions. Key topics in our policy for responsible investment are observance of human rights (including labour rights), climate and the environment, corporate governance and controversial weapons.

Sampension has for many years had a policy for responsible investment in place, which is expanded as and when required. The policy is anchored with the boards of directors of the companies which Sampension Administrationselskab A/S manages – Sampension KP Livsforsikring A/S (“Sampension Liv”), the Architects’ Pension Fund and the Pension Fund for Agricultural Academics and Veterinary Surgeons. At least once a year, the boards of directors discuss and resolve on the policy and guidelines for responsible investment.

The contents of the policy need not be the same for all companies, but the boards of directors have resolved on a common policy and common guidelines, thereby also facilitating optimum investment synergies in the partnership for the benefit of members and customers. The policy applies to investments in general and specifically to investments implying that the pension company becomes a co-owner of a business.

Policy based on international rules and principles

The policy for responsible investment is an integral part of the investment process at Sampension. This means that investments are always made in compliance with all rules and guidelines set out in the policy.

The policy is based on the ten UN Global Compact principles on corporate sustainability in the areas of human rights, labour, the environment and anti-corruption.

Add to this the UN-supported PRI (Principles for Responsible Investments), which are six principles supporting investors’ focus on responsibility in relation to investment decisions and asset management. As a signatory, Sampension has committed to, e.g., incorporate ESG issues into ownership policies and practices, demonstrate active ownership and report on PRI activities.

Another set of rules are the OECD guidelines “Responsible Business Conduct for Institutional Investors”, which accentuate institutional investors’ contribution to the implementation of the OECD Guidelines for Multinational Enterprises. In addition, Sampension supports the COP21 climate agreement through its focus on limiting global warming to less than 2°C.

Sampension further complies with the recommendations issued by the Committee on Corporate Governance set up by the Danish government.

Lastly, Sampension is a member of a couple of network organisations primarily working to promote climate investments.

Responsible investment

In summary, Sampension invests in businesses that do not use child labour, respect equal rights regardless of gender, race and religious background, respect the right of the individual to unionise, avoid the use of forced labour, work against all kinds of corruption, observe national environmental legislation, including working environment legislation, respect ILO conventions on working environment, aim at a cleaner environment and do not produce weapons of mass destruction or anti-personnel mines.

10 principles

from the UN Global Compact form the basis of Sampension's investment policy

In relation to listed companies, Sampension focuses particularly on governance, having defined a number of requirements regarding management responsibilities. Such requirements concern the composition, tasks and responsibilities of the board of directors, remuneration of management, risk management – including ESG risk management, communication, competition and taxation.

Sampension invests in government bonds only in states that have not been banned due to international sanctions or bans by the UN or the EU. In special circumstances, severe human rights abuses may also lead to exclusion.

Sampension votes at general meetings of Danish OMX C25 companies and at the general meetings of listed Danish and international companies in which Sampension holds more than

3%

Active ownership

Sampension wishes to exert influence on the companies we invest in to ensure long-term, responsible value creation for the benefit of our pension savers. At Sampension, we call this active ownership, which we implement in practice as described below:

Monitoring: Sampension monitors investments together with the international and independent screening agency Vigeo Eiris to ensure that Sampension's policies are not violated.

Voting: Sampension attends and votes at the general meetings of Danish OMX Copenhagen 25 companies and at the general meetings of listed Danish and international companies in which Sampension holds 3% or more of the votes. As regards other listed companies, Sampension votes at general meetings on an ad hoc basis when appropriate in conjunction with other institutional investors and where the resolutions concern themes of material importance to Sampension.

Assessment and dialogue: Sampension reviews investments if there is a question of whether the company in question violates Sampension's policies. Such reviews may be based on a preliminary dialogue with the company. On that basis, Sampension determines whether a company is unacceptable, acceptable or should possibly be placed on a surveillance list pending further investigation or whether to engage in a dialogue with the company.

Critical dialogue: Sampension will engage in a critical dialogue with a company that violates the policies with a view to inducing the company to change its practice. Such dialogue will typically be initiated by, or supported by, Vigeo Eiris, possibly in collaboration with other investors. After engaging with a company, Sampension will categorise it as either acceptable or unacceptable.

Exclusion: If Sampension concludes that a critical dialogue will not lead to any changes, Sampension may exclude the company from our investment universe and subsequently sell the shares.

Unlisted shares are subject to the same guidelines as apply to listed shares and are assessed for responsible investment purposes in the same due diligence process in which the actual investment is assessed. When investing in unlisted companies, Sampension primarily does so through funds which have not yet made any investments at the time of Sampension's investment commitment. Therefore, the purpose of the due diligence process is to ensure that the fund's investment guidelines are compatible with those of Sampension.

Sampension's directly owned properties are not rented to companies that have been placed on the exclusion list. Nor does Sampension invest in internally managed bond or debt portfolios in companies appearing from the exclusion list.

Sampension does not engage in critical dialogue with sovereign issuers when we invest in government bonds.

Read much more on our website

As we consider it important that our customers and society at large can follow Sampension's responsible investment efforts, we have made our policy for responsible investment available in its entirety on the websites sampension.dk, arkitekt-pension.dk and pjdension.dk.

Also available here are a list of shares, a commented exclusion list and an overview of the critical dialogues which Sampension has engaged in over time.

Almost all of Sampension's Danish properties are managed by DEAS, whose CSR policy includes energy efficiency, see deas.dk/om-deas/csr.

Focus in 2017 - initiatives and topics

Human rights - investments in occupied areas

Human rights is a very important issue in Sampension's responsible investment policy, and Sampension has engaged in 38 critical dialogues on this topic, ten of which have been successfully closed since 2011.

The subject attracted interest in January in connection with an NGO report on Danish pension companies' investments in companies with activities in the West Bank. The report criticised Danish pension companies' investments and lack of policy in the area. In June, Sampension launched a new and more explicit policy on the issue, following which four companies were excluded from Sampension's investments, and Sampension engaged in a critical dialogue with a number of companies to determine if their activities violated international principles in occupied areas.

Sampension's policy:

Investments in occupied areas

Sampension must not invest in companies which, due to their activities in occupied areas, have a significantly adverse impact on the social and financial situation of people in the area or may be instrumental in escalating a conflict. Also, Sampension must at all times follow the recommendations of the Danish Ministry of Foreign Affairs and of the EU.

Climate targets are part of the policy

The agreement entered into by 196 countries at the UN's climate conference COP21 in Paris marked an important step forward in the struggle against climate change.

Since 2010, the climate has been an explicit element of Sampension's policy for responsible investment. From January 2017, Sampension has also focused on supporting the climate targets defined in the COP21 agreement, which we incorporated into our policy for responsible investment at the beginning of the year. In addition, Sampension took steps to find ways of evaluating the overall climate impact of companies in the entire investment portfolio, or parts of it, as well as the pace of improvement achieved in the area. These efforts have continued in 2018.

Climate change is the topic on which Sampension most often engages into critical dialogue, having opened 52 climate-related dialogues with companies since 2011, with 19 of them producing a positive outcome. In order to gain qualified background knowledge and get in contact with professionals, Sampension has joined the networks Institutional Investors Group on Climate Change and Carbon Disclosure Project.

38

**critical dialogues
about human rights
since 2011**

2014

was the year in which Sampension formulated a policy for companies' tax payments

Sampension's policy:

Climate and the environment

Sampension screens investments in relation to climate and the environment based on the degree to which:

- companies comply with national environmental legislation, including working environmental legislation in each country they operate in
- companies respect all ILO conventions on working environment
- companies aim at a cleaner environment by focusing on reducing CO2 emissions, supporting the objectives of the COP21 agreement and supporting the development and diffusion of environmentally friendly technologies.

Votes at general meetings

Further to our decision in 2017 to focus more on active ownership, Sampension will from 2018 onwards systematically attend and vote at general meetings of Danish OMX C25 companies and vote at general meetings of listed Danish and international companies in which Sampension holds 3% or more of the votes.

In relation to other listed companies, Sampension will vote when active involvement makes sense, especially if possible together with other major investors or via networks. For instance, in spring 2018, Sampension voted at the general meetings of two international oil companies to push their activities in a more climate-friendly direction on the back of the COP21 targets.

Sampension has decided not to delegate our voting powers to proxy voting service providers, as we prefer to take our own position on relevant voting themes and, as a main rule, to physically attend general meetings held in Denmark. Sampension will communicate the location of all relevant general meetings as well as the voting results on our website.

Multinationals and tax

As an investor, Sampension considers it important that companies settle their tax liabilities. As early as 2014, Sampension formulated a number of requirements regarding companies' tax conduct as part of our policy for responsible investment. Consequently, the companies must not only comply with applicable tax legislation, they must also adhere to the intention behind the legislation.

Sampension's policy:

Taxation

Listed companies must ensure transparency and a high level of communication regarding own tax matters both to authorities and to the general public so as to support a correct assessment of relevant tax issues. Companies must ensure that they not only comply with applicable law, but also adhere to the intention behind the legislation in question. Taxation must be addressed in a balanced manner, meaning that tax payments should be minimised to the extent permitted under the relevant tax legislation, while structures aimed at reducing tax payments, evidently violating the legislator's intentions, are not acceptable.

MOZAMBIQUE · Maringue · Extensive felling is detrimental to the climate in Mozambique as well as many other countries around the world. Transforming CO2 into oxygen, forests are the lungs of the world. Perhaps coming generations will be able to reverse this development.



2,5%

**of multinationals
follow the OECD's
tax guidelines**

In 2017, Sampension took a new step in the area of taxation to get multinationals to follow the OECD's guidelines and disclose detailed information about their tax payments. In doing so, Sampension made tax transparency by multinationals a separate theme in its responsible investment approach, thereby expanding the systematic screening for tax payments to also include the duty of disclosure.

This was based in part on a report prepared by Vigeo Eiris, which showed that only 2.5% of multinationals follow the OECD's guidelines by disclosing detailed information about their tax payments.

No investments in states blacklisted by the EU as tax havens

Tax is both an important and a complex issue for international investors. However, Sampension's policy is very clear: Sampension will not be a party to structures the purpose of which is to avoid taxation that should rightfully apply in the country where the economic activity takes place, or in Denmark.

Sampension has invested almost DKK 17 billion in unlisted companies through international equity funds and other funds. Some of those funds are located in states or territories whose legislation ensures that certain companies and funds are not subject to tax, or subject to very limited taxation. The states have been chosen by fund managers who gather global investors via funds to invest in unlisted companies and infrastructure around the world with a view to avoiding unfair, unintentional or illegal taxation in countries other than the country in which the financial activity in question is carried on or where the end investor is domiciled. Sampension does not invest in companies or funds domiciled in states or territories which, at the time of investment, appear from the EU's blacklist of tax havens.

Measured in terms of market value, more than half of Sampension's international fund investments have been made in states of the USA which have enacted such relevant legislation. In addition, the Cayman Islands and Guernsey account for a total of 20%.

Rejoining PRI and incorporating the OECD's guidelines

Sampension became a co-signatory to PRI in spring 2018, but decided, along with several other major Danish pension companies, to withdraw from the organisation for a period of time due to poor governance in PRI's own ranks. When that situation was rectified, Sampension rejoined PRI as a co-signatory to the principles under PRI, which is considered the world's largest network whose purpose is to propagate responsible investment. Sampension applied the principles throughout the period.

Another focus area in 2017 was to incorporate the OECD guidelines "Responsible Business Conduct for Institutional Investors" into Sampension's policy for responsible investment as a supplement to the sets of guidelines from the UN Global Compact and the UN principles on responsible investment. The OECD principles allow institutional investors to support the OECD guidelines "Responsible Business Conduct for Institutional Investors", which originate from 2011. These guidelines have a wider reach than, say, the UN Global Compact in areas such as working conditions and the environment and also focus on areas not covered by the UN Global Compact such as consumer issues and the development of local communities.

Joint committee for responsible investment in the joint management company

In 2017, the boards of directors of Sampension Liv, the Architects' Pension Fund and the Pension Fund for Agricultural Academics and Veterinary Surgeons decided to set up a joint committee for responsible investment with a view to enhancing discussions about responsible investment and act as an advisory body for the individual boards of directors. Policies and guidelines for responsible investment will still be discussed and adopted by the individual boards of directors.

Similarly, Sampension Administrationselskab stepped up its ESG efforts in 2017, increasing not only the analysis efforts in-house in the investment area, but also

in external communications. More resources have been allocated to addressing handling ongoing responsible investment efforts in all parts of the value chain, including stronger dialogues with Sampension's customers and members, investees, intergovernmental organisations and NGOs.

Focus in 2018

At the UN summit in autumn 2015, the member states adopted an ambitious agenda aiming at more sustainable developments for people and the global community by 2030. The agenda includes 17 universal Sustainable Development Goals, which, among other objectives, set out to end extreme poverty, reduce inequality and combat climate change. Underlying those universal goals are 169 sub-goals, which may impact on all peoples' ways of living.

The UN Sustainable Development Goals also include goals which may, to a greater or lesser extent, be supported by institutional investors such as Sampension. However, determining where and how such influence may be exerted will require a substantial effort, which is basically about steering capital in a direction that supports the UN Sustainable Development Goals. To reach those goals, quite substantial amounts of capital – DKK 30-40 trillion a year – will be required, and raising that amount of money is not possible without private contributions. However, the UN is aware of the complexity of attracting the capital required every year from investors, as the investments should at the same time contribute positively to the members' pension schemes. In 2018, Sampension is going to consider how we can contribute within the scope defined for our investment activities.

Climate – carbon footprint

As part of our efforts to map the overall climate impact of Sampension's investments and set targets for a reduced carbon footprint which support the climate targets defined in the COP21 agreement, Sampension is considering which method to apply when calculating an overall carbon footprint. Sampension has already performed the first internal analyses of the share portfolios. Generally, the companies in Sampension's portfolio emit less CO₂ than the respective portfolios they are benchmarked against in terms of investment returns, with the exception of our Danish share portfolio, which leaves a slightly higher carbon footprint than the benchmark. The work to select the appropriate method and calculate the aggregate carbon footprint will continue in 2018.

Tobacco investments

The Board of Directors of Sampension has discussed whether investments in the tobacco industry should still be an option or if the shares should be excluded entirely or partly from our investment universe. In the latter case, the reason will be the severe damage to health caused by smoking. Sampension has investments totalling almost DKK 0.5 billion in ten tobacco companies. The Board of Directors has decided to allocate the time required to discuss tobacco investments, believing that a decision on a potential sale of the tobacco investments should be based on a general principle. The Board of Directors will make a final decision in 2018 after having discussed the issue in the joint committee for responsible investment.

Critical dialogue produces results

As part of our efforts as an active investor, we have for a number of years applied an engagement programme under which Sampension takes the initiative to open a dialogue with selected companies which Sampension suspects or knows violate Sampension's policies.

The critical and constructive dialogue contributes to meeting the fundamental objective: long-term value creation for members and customers. In a vast majority

89

companies have changed their policy or practice since 2011 after having been pressurised by Sampension

of situations, Sampension can make a far greater difference by engaging in a dialogue with our investees – rather than just divesting them. In doing so, Sampension contributes to encouraging companies to change their course and drive a more responsible and sustainable business culture.

In practice, Sampension has selected a number of issues where Sampension wishes to be active in relation to a number of the companies in our share portfolio and which are considered to score lower on a given theme than other companies in the relevant industry. Sampension hopes to raise the companies' attentiveness and ambitions in the relevant area to acceptable levels.

Sampension selects certain issues where Sampension wishes to exert influence as a shareholder. The topics which the boards of directors have decided to prioritise are:

- Corruption
- Human rights
- Labour rights
- Climate change
- Other ESG risks
- Water management.

These topics have been supplemented by two other topics from the beginning of 2018:

- Tax transparency
- Activities in occupied areas.

65%

**of Sampension's
critical dialogues
produce responses**

High penetration power based on dialogue

Since 2011, Sampension has collaborated with the independent screening company Vigeo Eiris (formerly Eiris) on the engagement programme. We have succeeded in engaging in active dialogue with a total of 155 companies and have achieved a very high response rate: 65% of all initiatives taken. Add to this past dialogues that were successfully concluded with companies changing a policy or practice and so now live up to the expectations expressed by Sampension. This applies to a total of 89 companies, including ten in 2017.

However, realising that it is difficult to make a difference in some cases, Sampension has had to abandon 35 engagements. When abandoning a dialogue with a company, Sampension assesses if we still want to be a shareholder or if the company in question should be put on the exclusion list and, thus, no longer be part of the share portfolio.

Concrete observations behind dialogues

Sampension will always base a decision to engage in dialogue with a company on specific factors characterising that particular company, and our expectations of the company will always be expressed in terms of the current standards of the industry and the sector the company operates in.

We emphasise that the company:

- has a policy in place in the area concerned
- has implemented effective management tools that support the policy
- has disclosed its policy and reports on the results achieved.

In many contexts, focus is on the best-in-class companies in the sector concerned. Sampension has made many investments in companies with top ESG ratings. But when Sampension engages in dialogue with a company, we often operate at the other end of the range. It makes more sense to us to try to get a low-scoring company to raise its standards than to try to influence a company to be best-in-class.

Dialogue for up to three years

Engaging in critical dialogue with a company can be time-consuming. Our investees may address and implement certain themes and some of Sampension's recommendations quickly, whereas in other areas it may take years to attain desired change. Sampension has set a time limit of three years, believing that this is an appropriate span to apply to a specific company regarding a given theme. However, Sampension also bases decisions on potentially disengaging from a dialogue on whether the investee appears to be on a constructive path or not. Or whether the company does not appear to be receptive to our arguments.

An example of how a company may change its position: a company's readiness for change will often change significantly when management changes occur. At the same time, it should be remembered that changes in internal procedures and approaches to specific themes may often be associated with a long "maturing" and implementation process within the company.

Dialogues initiated by Vigeo Eiris on behalf of Sampension since 2011

Topic	Total number of active dialogues	Successfully completed	Completed without dialogue	Divested companies	Dialogues abandoned after three years	Ongoing dialogues	Total number of engagements
Corruption	30	19	5	3	6	8	41
Climate change	30	19	6	0	9	18	52
ESG risks	18	15	12	6	2	5	40
Human rights	30	10	3	4	11	9	38
Labour rights	25	14	7	1	8	11	41
Water management	22	12	2	4	6	6	30
Total	155	89	35	18	42	58	242

Sampension has opened most critical climate-related dialogues.

52 in total

Exclusion of companies

At the end of 2017, Sampension had excluded 76 listed companies from the list of companies eligible for investment either directly or via Sampension Invest. The exclusion list does not stem from a review of all listed companies, but rather a review of companies in which an investment had been made or contemplated. As a result, certain companies that Sampension would not invest in should the opportunity arise may not appear from the list.

Sampension's exclusion list at the end of 2017 is provided on page 24.

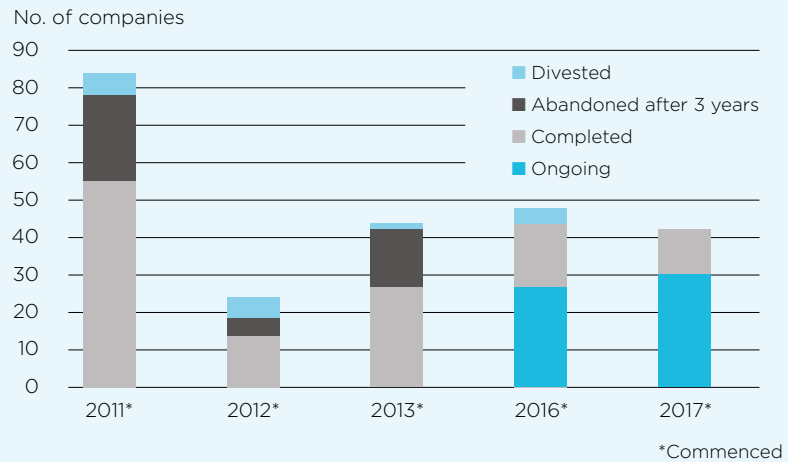
Exclusion of government bonds, etc.

At the end of 2017, Sampension had excluded bonds, loans, etc. from 13 sovereign issuers due to the policy for responsible investment.

90 dialogues

in the current and past year

Status on active dialogues at 1 January 2018



The above figure shows the number of active dialogues since 2011 when Sampension opened critical dialogues in collaboration with Vigeo Eiris. The columns show the number of dialogues opened by Sampension in each individual year. No new dialogues were opened in 2014 and 2015, as Sampension focused on completing some of the ongoing dialogues. The total of 90 dialogues with companies reflected in the columns for 2016 and 2017 are listed on page 22 of this report. The number of companies divested may be due to exclusion, but in most cases, the company was also removed from Sampension’s portfolio for investment reasons.


Vigeo Eiris

Since 2011, Sampension has collaborated with Vigeo Eiris, the international leader in the field of ESG ratings and CSR evaluations. This company conducts research on companies’ ability to create sustainable, long-term value and handle risks, and they rate the +1,600 companies in Sampension’s investment portfolio.

Vigeo Eiris has been rating companies’ ESG efforts for more than 30 years. The company has 200 employees, including the biggest research team compared with similar organisations – with more than 120 analysts working from ten offices around the world. Each analyst is responsible for 37 companies on average, and Vigeo Eiris’ analysts originate from 28 different countries. The analysts have some seven years’ seniority on average with Vigeo Eiris. Add to this seven ESG partner companies: IMUG (Germany), CAER (Australia), Ecovalores (Mexico), Sitawi (Brazil), Ecodes (Spain), GreenEye (Israel) and Quick (Japan). Vigeo Eiris covers the corporate sector globally for more than 300 investors.

Vigeo Eiris is a member of PRI’s executive board and has set up a scientific council to ensure that serious and credible methods are applied and to ensure independence of special interests.

Sampension has decided to combine Vigeo Eiris’ engagement programme within the six themes on which it reports: Human rights, labour rights, climate change, ESG risks, water and corruption. Companies are rated within 37 specific areas.



UGANDA · Kalangala · Palm oil production is the primary reason for deforestation in South East Asia in particular. The same happens in Africa where large, homogeneous palm plantations are being established. Deforestation releases large amounts of CO2 into the atmosphere, which for thousands of years were stored in the trees and in the soil, thus contributing to increasing climate change.

Making investment properties more energy-efficient

Some of Sampension's property investments have for many years been in properties subject to cost-driven rent. Part of the strategy behind these investments is to completely refurbish the premises in accordance with the Danish Housing Regulation Act, allowing Sampension to fix the rent in accordance with the value of the rented premises.

For a landlord to be allowed under Danish law to charge the optimum rent, the rental property must satisfy energy class D criteria or better. Energy-rating reports have therefore been prepared for all Sampension's investment properties, and the respective energy classes have been mapped, with an indication of any measures that could be taken to further optimise the energy classification. All of Sampension's properties satisfy, as a minimum, the criteria for energy class D properties.

34,000

Annual savings of 34,000 kWh from LED lighting in one single property

Case: Borgmestergården – Sampension's multi-user property in the Sydhavn district of Copenhagen

Borgmestergården is a former domicile property, which has been converted into a multi-user building. Steps were taken to enhance energy-efficiency, including the replacement of some of the existing lighting by LED lighting and of the ventilation system to improve the indoor climate and reduce energy costs.

The replacement of light fittings using fluorescent tubes by LED lights has resulted in energy savings of 10 watts per sqm. Given an annual consumption of 3,000 hours, this will result in annual savings of 24,000 kWh. Moreover, a daylight control system which continually adjusts the luminous intensity has been installed. This results in additional, estimated savings of 10,000 kWh. Total savings for the tenant are estimated at 34,000 kWh per year. The ventilation system was replaced by a system with a greater capacity, which ensures a better indoor climate due to a higher air exchange rate at the premises without increasing energy consumption. Moreover, the demand-driven ventilation system implies less energy wastage, because the system continually adjusts the air exchange so as to meet the energy demand on each individual storey.

Gold certification of a "green" maternity ward at Slagelse Sygehus

Green Building Council Denmark has awarded Sampension a "Gold certification" for the construction of Slagelse Sygehus based on a PPP contract. Slagelse Sygehus' new maternity ward, child and youth ward as well as three storeys for medical patients were built over the past few years and handed over to Region Zealand on 1 February 2018.

The construction project, which was rated based on a number of parameters, including environmental and social qualities, has been awarded a "Gold certification" by Green Building Council Denmark. A life cycle assessment has been made of the construction project in relation to environmental impacts, prime energy, consumption of drinking water and waste water discharge.

Dialogue with customers

Sampension stays in regular contact with its customers and members regarding specific investments as well as their opinions on Sampension's ability to act responsibly in terms of its investing activities. Typically, such dialogue is based on general press coverage of pension companies' investments or specific topics prompting individuals to inquire about Sampension's position or investments.

It is extremely important to Sampension that our investments reflect our members' and our customers' own values and interests. For that reason, Sampension conducted a major survey at the end of 2017 of the views on responsible investment among Danes in general and, more specifically, among Sampension Liv's customers and the members of the two Pension Funds.

The survey showed, among other things, that:

- 85% of respondents are confident that their pension savings are invested in accordance with their own values, and only 4% have investigated if that is in fact the case.
- 69% of respondents say that their level of satisfaction with Sampension is affected by their perception that Sampension's investments are ethical correct. Among the Danish population in general, only 49% share this view after having looked into their own pension scheme.

Controversial issues

Sampension has surveyed its customers' and members' views on which issues Sampension should address when making investment decisions. The survey showed that Sampension's customers and members to a great extent rank the controversial topics the same way, but taking a critical position on investments in specific areas means more to Sampension's customers and members than it does to the population at large.

Opposition to joint investments is the most pronounced for investments in businesses that fail to observe labour rights, followed by, taking second and third places, production activities which are environmentally hazardous and businesses which fail to comply with international sanctions.

- **Labour rights** – 75% of respondents say that they would object very strongly or strongly to such investments if they had the choice. The corresponding ratio in the general population study is 55%.
- **Environmentally hazardous production activities** – 72% would object to such investments against 53% of respondents in the population study.
- **International sanctions** – 72% would object to such investments against 50% of respondents in the population study.
- **Weapons production** – 63% would object to such investments against 48% of respondents in the population study.
- **Tobacco** – 47% would object to such investments, whereas only 33% of respondents in the population study say they would object strongly or very strongly to such investments.
- **Alcohol** – 20% would object to such investments.
- **Sugary products** – 19% would object to such investments.

Attitudes of customers and members of the joint management company

Controversial issues	Sampension Liv	AP	PJD	Population in general
Labour rights	74%	86%	73%	55%
Environmentally hazardous production	71%	87%	69%	53%
International sanctions	70%	91%	83%	50%
Weapons production	62%	80%	66%	48%
Tobacco	45%	67%	62%	33%
Alcohol	20%	30%	21%	n/a
Sugary foods	18%	34%	22%	n/a

75 %

disclaim investments that infringe labour rights

Percentages indicate the ratio of respondents who would object very strongly or strongly to the investment. Source: Epinion, customer survey regarding responsible investment, December 2017.

International conventions and networks

Investing responsibly is about the ability to address the challenges to society resulting from an investment in a company – its business model and activities. Below is a description of the principles and initiatives which Sampension follows or participates in.

UN Global Compact

In 1999, the UN published ten fundamental principles, the UN Global Compact, which today represent the most widespread corporate sustainability initiative. The principles cover four areas: human rights, labour rights, the environment and anti-corruption. The four areas are derived from the international human rights, the ILO conventions, the Rio Declaration on Environment and Development and the UN's Convention against Corruption (included from 2004).

The ten UN Global Compact principles

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Businesses should make sure they are not complicit in human rights abuses

Labour rights

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Businesses should support the elimination of all forms of forced and compulsory labour
5. Businesses should support the effective abolition of child labour
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation

Environment

7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

PRI – Principles for Responsible Investment

The UN launched PRI in 2006 to address the challenges involved in applying the UN Global Compact principles to the financial sector, and in implementing them, and therefore also for investors to implement them. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment and asset management practice. The Principles for Responsible Investment are about strengthening the financial sector's role in building a more stable, sustainable and socially inclusive global economy. As signatories, investors commit themselves to, e.g., incorporating ESG issues into ownership policies and practices, demonstrating active ownership and reporting on their PRI activities.

Principles for Responsible Investment (PRI):

1. Institutional investors will incorporate ESG issues into investment analysis and decision-making processes
2. Institutional investors will be active owners and incorporate ESG issues into their ownership policies and practices
3. Institutional investors will seek appropriate disclosure on ESG issues by the entities in which they invest
4. Institutional investors will promote acceptance and implementation of the Principles within the investment industry
5. Institutional investors will work together to enhance the effectiveness in implementing the Principles
6. Institutional investors will report on their activities and progress towards implementing the Principles.

The OECD Guidelines “Responsible Business Conduct for Institutional Investors”

The OECD Guidelines include recommendations regarding due diligence in the area of responsible business conduct by investors and should be seen as institutional investors’ contribution to the implementation of the due diligence recommendations of the OECD Guidelines for Multinational Enterprises. In general, investors should seek, showing due care and diligence, to avoid that their investments cause, contribute to or become directly connected with adverse impacts measured by reference to the OECD Guidelines for Multinational Enterprises.

COP21

Sampension supports the COP21 agreement (the “Paris Agreement”) of December 2015. The agreement sets out a global action plan to put the world on track to reduce greenhouse gas emissions so as to limit global warming to less than 2°C – and with an ambition to limit the increase to 1.5°C above pre-industrial levels. Also, the agreement focuses on ensuring that efforts are made, and financed, to minimise the biological vulnerability of the Earth to climate change.

Committee on Corporate Governance – “Stewardship Code”

In November 2016, the Committee on Corporate Governance set up by the Danish government published its “Stewardship Code”. The objective of the seven recommendations is to promote, through active ownership, companies’ long-term value creation and to contribute to the highest possible return for investors.

IIGCC


Sampension supports the Institutional Investors Group on Climate Change, which is a European forum for institutional investors, whose purpose is to influence political decision-makers to address the climate challenges of the future, e.g. through reduced greenhouse gas emissions.

CDP

Sampension participates in CDP (formerly the Carbon Disclosure Project), which is a global climate organisation whose purpose is to focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring, reporting and understanding the environmental impact of their greenhouse gas emissions.

Dansif

Dansif is a Danish network forum for institutional investors and other organisations involved in responsible investment. The objective is to spread and exchange experiences as well as to facilitate a diversified debate on ESG.

A photograph of two young boys in a classroom. They are wearing purple school uniforms and are looking intently at an open notebook on a desk. The notebook has handwritten text and diagrams. In the background, other students are visible, some sitting at desks and others standing. The classroom has a whiteboard and posters on the wall.

ZIMBABWE · Buhera · Learning may contribute to breaking the poverty cycle. These two boys grew up in the driest and poorest part of Zimbabwe. People here subsist on their goats. Since the climate has changed and the rain has stopped, the locals have got little poor crop yields.

Overview of critical dialogues held in 2017

Company	Theme
Aggreko	Climate change
Amadeus IT Holdings	ESG risks
Amazon.com	ESG risks
Andarko Petroleum	Human rights
Anglogold Ashanti	Corruption
Apache	Human rights
Archer Daniels Midland	Climate change/Sub-suppliers
Asahi Group Holdings	Water management
Associated British Foods	Water management
ATandT	Sub-supplier
Axiata Group	Human rights
Barrick Gold	Corruption
Baxter international	Corruption
Bharti Airtel	Human rights
Bouygues	Climate change/Sub-suppliers
British American Tobacco	Sub-supplier
Canadian Natural Resources	Human rights
Cencosud	Climate change
Chokoladefabriken Lindt og Sprüngli	Water management
Cisco Systems	Corruption
Commercial International Bank	Human rights
Conagra Foods	Water management
Constellation Brands	Water management
Costco	Sub-supplier/ESG risks
Daito Trust Construction	Climate change
Devon Energy	Climate change
E.ON	Human rights
Edison International	Climate change
Electronic Arts	ESG risks
Enka Insaat	Climate change
EOG Resources	Climate change
Exxon Mobil	Corruption/Human rights
General Motors	Climate change
Getinge	ESG risks
Glencore International	Climate change
Golden Agri-Resources	ESG risks
H J Heinz	Water management
IBM	Corruption
Iliad	ESG risks
INPEX	Human rights
ITOCHU Corporation	Climate change
James Hardie Industries	Climate change
Kerry Group	Water management
Komatsu	Corruption
Kraft Foods	Sub-supplier

Company	Theme
Kuehne and Nagel	Climate change
Macy's	Sub-supplier
Marathon Petroleum	Climate change
McCormick and Co	Water management
McDonalds	Sub-supplier
Mitsubishi Electric	Corruption
Neste Oil	Human rights
New World Development Company	ESG risks
Nexen	Human rights
Nintendo	Sub-supplier
Noble Energy	Human rights
Noble Group	ESG risks
NTT DoCoMo	Sub-supplier
Nucor	Climate change
Olam International	ESG risks
Oracle	Sub-supplier
Orkla	Water management
Panasonic	Corruption/Sub-supplier
Ralph Lauren Corp	Sub-supplier
SAP	Corruption
Saputo	Water management
Seadrill	Human rights
Silver Wheaton	ESG risks
Singapore Telekom	Corruption
Softbank	Sub-supplier
Sony	Sub-supplier
Southwestern Energy	Climate change
Swedish Match	Sub-supplier
Swire Pacific	Sub-supplier
Target	Sub-supplier
Tata Power	Corruption
Technip	Human rights
Telefonica	Corruption
The Hershey Company	Water management
The J.M. Smucker Company	Water management
The Swatch Group	ESG risks
Tractebel Energia	Corruption/Climate change
TransCanada	Human rights
Tullow Oil	Human rights
Valero Energy	Climate change
Weatherford	Human rights
Wesfarmers	Corruption
Wilmar International	ESG risks
WorleyParsons	Human rights
Xerox	Sub-supplier

Sampension's exclusion list

Company	Reason	Country
Aecom Technology Corp	Nuclear weapons	USA
Aerojet Rocketdyne Holding	Nuclear weapons	USA
Aeroteh S.A.	Land mines	Romania
Airbus Group	Nuclear weapons	The Netherlands
Aryt Industries	Cluster weapons	Israel
Aselsan Elektronik Sanayi Ve Ticaret	Cluster weapons	Turkey
Babcock International Group Plc	Nuclear weapons	UK
BAE Systems PLC	Nuclear weapons	UK
Bezeq	Activities in the West Bank	Israel
BHP Billiton Plc	Environment	UK
Boeing Company	Nuclear weapons	USA
BWX Technologies	Nuclear weapons	USA
CACI International	Nuclear weapons	USA
Chemring Group	Nuclear weapons	UK
Chevron Corp.	Environment	USA
Cintas Corp.	Labour rights	USA
CNIM	Nuclear weapons	France
CNOOC Limited	Human rights	China
Cobham PLC	Cluster weapons	UK
Dassault Aviation	Nuclear weapons	France
Doosan Corporation	Cluster weapons	South Korea
EADS	Nuclear weapons	France
Elbit Systems	Human rights	Israel
Finmeccanica SpA	Nuclear weapons	Italy
Fluor Corporation	Nuclear weapons	USA
Gazprombank	International sanctions	Russia
General Dynamics	Nuclear weapons	USA
General Electric Company	Controversial weapons	USA
Hanwha Corporation	Cluster weapons	South Korea
Hanwha Techwin	Cluster weapons	South Korea
Hapoalim	Activities in the West Bank	Israel
Harris Corp.	Nuclear weapons	USA
Heidelberg Cement	Activities in the West Bank	Germany
Honeywell International Inc	Nuclear weapons	USA
Huntington Ingalls Industries	Nuclear weapons	USA
Jacobs Engineering Group Inc	Nuclear weapons	USA
Kratos Defense & Security Solutions	Nuclear weapons	USA
L3 Communications Holdings Inc	Cluster weapons	USA
Larsen & Toubro	Nuclear weapons	India
Leidos	Nuclear weapons	USA
Leumi	Activities in the West Bank	Israel
Lockheed Martin Corp.	Nuclear weapons/Cluster bombs	USA
Meggitt PLC	Controversial weapons	UK
MOOG	Nuclear weapons	USA
Motovilikhinskiye Zavody PAO	Cluster weapons	Russia
Northrop Grumman Corp.	Nuclear weapons	USA
Oil & Natural Gas Corp. Limited	Environment	India

Company	Reason	Country
Orbital ATK	Nuclear weapons	USA
Parker Hannifin	Nuclear weapons	USA
Perkinelmer Inc	Controversial weapons	USA
Poongsan Holdings Corporation	Cluster weapons	South Korea
Precision Castparts	Controversial weapons	USA
Qinetiq Group	Controversial weapons	UK
Raytheon Company	Nuclear weapons	USA
Rheinmetall AG	Cluster weapons	Germany
Rockwell Collins Inc	Controversial weapons	USA
Rolls-Royce Group	Controversial weapons	UK
Rosselkhozbank	International sanctions	Russia
Ryan Air Holdings PLC	Labour rights	Ireland
S&T Dynamics	Land mines	South Korea
Safran SA	Nuclear weapons	France
Sberbank	International sanctions	Russia
Serco Group PLC	Nuclear weapons	UK
Singapore Technologies Engineering	Land mines	Singapore
Tata Power Co. Ltd.	Nuclear weapons	India
Textron Inc	Cluster weapons	USA
Thales SA	Nuclear weapons	France
Total SA	Nuclear weapons	France
TransDigm Group	Nuclear weapons	USA
Transocean Inc	Environment	Switzerland
Ultra Electronics Holding	Nuclear weapons	UK
United Technologies Corp.	Nuclear weapons	USA
Vnesheconombank (VEB)	International sanctions	Russia
VTB Bank	International sanctions	Russia
Wal Mart Stores Inc	Labour rights	USA
Zodiac SA	Nuclear weapons	France

COVER PAGE PHOTO

UGANDA · Amuru · Branda, a young school girl, shown on her way to school, carrying her books on her head. Education is a human right for her and going to school is the highlight of her day. Education is the way to a better future for many African families.

PHOTO

Jakob Dall

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